

News Release

For Immediate Release: August 3, 2020

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Alaska Permanent Fund Ends FY20 In Positive Territory

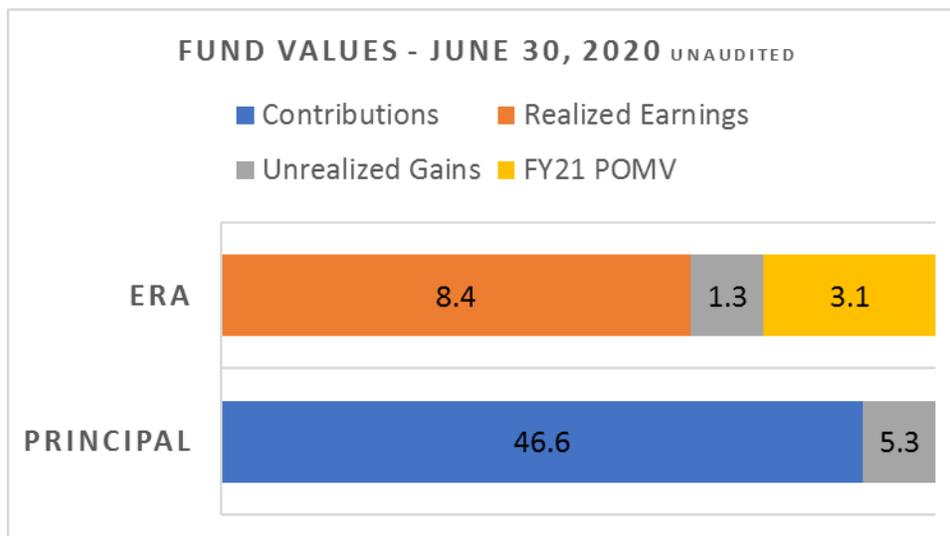
Juneau – The Alaska Permanent Fund's unaudited financial statements and performance for the end of fiscal year 2020 (FY20) are now available on APFC's website. FY20 was an unprecedented year for our State, our Nation, and our World; APFC remained a diligent steward of the Fund throughout the turmoil. Additionally, the Legislature's FY20 special appropriation of \$4 billion and inflation proofing of just under \$1 billion to the Principal of the Fund is unparalleled and assures real growth in the permanent portion of the Fund to benefit both current and future generations of Alaskans.

Fund Values

In assessing the state of the portfolio as of June 30, Marcus Frampton, APFC's CIO, comments: *"I am pleased that the Fund's values largely have recovered from the depths of the market sell-off in March. APFC Staff took important steps to deploy significant capital into the equity markets at the depths of the crisis – over \$2 billion in total. This orientation of being a long-term focused investor in the midst of the sea of short-term traders has once again accrued to the benefit of the Fund's stakeholders now that markets have subsequently regained their footing."*

As of June 30, 2020, the unaudited, total value of the Alaska Permanent Fund is \$64.7 billion.

- The Principal value is \$51.9 billion; which includes
 - \$46.6 billion in constitutionally protected deposits, and
 - \$5.3 billion in unrealized gains.
- The value of the Earnings Reserve Account (ERA) is \$12.8 billion; which includes
 - \$8.4 billion of unspent realized earnings,
 - \$1.3 billion in unrealized gains, and
 - \$3.09 billion of committed realized earnings for the FY21 percent of market value (POMV) distribution to the general fund.



Note starting on July 1, 2020, the FY22 POMV draw of \$3.06 billion will be reflected as a commitment in the financial statements. Thus, the ERA will have an estimated \$5.3 billion remaining in realized earnings that are available for future appropriation.

Fund Performance

Angela Rodell, APFC's CEO, remarks: "We are pleased to see our returns end in positive territory. I think it highlights just how important it is to maintain discipline in volatile times. We held on to our core convictions and never lost sight of our long-term mandate. In 2018, Senate Bill 26 was made law, enacting the POMV structure. The certainty provided by knowing how much we need for short term liabilities, while still executing our long-term investment strategy, has never been more valuable."

The performance of the total Fund is measured against three benchmarks: the Board of Trustees's Strategic return objective of CPI+5%, which provides a long-term benchmark for the Fund's real rate of return; the blended performance benchmark comprised of a blend of indices reflective of the Funds' asset allocation, which measures how effectively staff has implemented the investment strategy; and a passive benchmark reflective of a traditional portfolio of stocks and bonds.

Despite the tremendous market volatility in FY20, the portfolio returned 2.01% for the fiscal year, and successfully outperformed the passive benchmark. The Fund also showed favorable performance against the passive and performance benchmarks in the 3- and 5-year period. The Board's strategic return objective of inflation + 5% real return is a longer-term objective that was not met in this turbulent one-year performance cycle and is registering slight underperformance at the 3 and 5-year marks due to the returns in FY20.

Performance vs. Benchmarks <i>(as of June 30, 2020)</i>	FY20	3 Years	5 Years
Total Fund Performance	2.01%	6.34%	6.44%
Passive Index Benchmark (60% Stocks 20% Bonds 20% RE & TIPS)	1.28%	4.86%	5.25%
Performance Blended Benchmark	2.05%	5.85%	6.13%
Board of Trustees Strategic Return Objective (CPI + 5%)	5.65%	6.72%	6.56%

Statutory net income, as defined in AS 37.13.140, totaled \$3.1 billion as of June 30, 2020. This is the statutory calculation that directs the annual amount of income that flows to the Earnings Reserve Account. It includes the realized gains and cash flow income from the investment of the Fund. It does not include any unrealized gains on invested assets.

Final FY20 performance results with updates for each asset class and the FY20 audited financial statements will be presented to APFC's Board of Trustees during their Annual meeting on September 23 and 24. Detailed information can be found at apfc.org and the following links for the Alaska Permanent Fund's monthly [financial statements and investment performance reports](#).

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